TOP SECRET

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## GENERAL

1. Early Trieste settlement urged -- US Embassy Belgrade reiterates its firm belief that an early settlement of the Trieste problem by direct negotiations between Italy and Yugoslavia would be very much to US advantage. The Embassy strongly endorses the idea of a joint US-UK demarche to Italy and Yugoslavia and points out that the UK Foreign Office also believes an early settlement is desirable. In addition, the Embassy expresses the opinion that the Yugoslavs are sincerely desirous of an early settlement of the Trieste issue because Soviet acceptance of the US-UK-French declaration in 1948 favoring the return of all of the Trieste Territory to Italy would place the Yugoslav Government in an "obviously critical" position. The Embassy comments that there is no prospect of an Italian compromise unless US influence is exerted to alter the "negative attitude" of the Italians.

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2. Views on UN seating of Chinese Communists—The US
Delegation to the UN expresses the opinion that it would
be in the interest of the US to accept the UN seating of
Communist China's representatives in due course "as
gracefully as possible and without unnecessary delay."
The Delegation suggests that this policy be followed
irrespective of the timing of US recognition of the Chinese
Communist Government.

State Dept. review completed

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